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7. ISSUED BY			CODE	N65540	HATED (K		DRESS OFFER TO	(If oth	er than Item 7) CC	DDE		
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PHILADELPHIA PA 19112-1	403		L: 215-89			`	see iteili i		TEL:			
		FA	X: 215-897	7-7994					FAX:			
NOTE: In sealed bid solicitati	ons "offer" and "offeror" me	ean "bid" and	"bidder".									
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10. FOR INFORMATION	A. NAME			B. TE	LEPHONI	E (Includ	de area code) (NO	COLLECT CA	LLS) C. E-MAIL ADDRESS			
CALL:	KAREN L. CANE			21	5-897-118	0			CaneKL@nswccd.navy.mi	1		
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ADDRESS									\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \			
OF OFFEROR												
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10 U.S.C.	2304(c)()	41	U.S.C. 253	B(c)()			(4 copies unless					
24. ADMINISTERED BY	(If other than Item 7)		COD	DE			25. PAYMENT	WILL BE MA	ADE BY (CODE		
										L		
26. NAME OF CONTRACT	ING OFFICER (Type or	r print)					27. UNITED STA	ATES OF AM	IERICA	28. A	WARD D	ATE
TEL:		EMAIL:					(Signature	e of Contracti	ng Officer)			

Section B - Supplies or Services and Prices

ITEM NO.	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	Split Housing Hydro- Load Seal Assembly for FFP – FFG Gearbox, Stein Seal Drawing #SSCY13251, Ref. F for the Perry Class Main Reduction Gear (MRG) Input Shafts	8	Each	\$	_ \$

Section D - Packaging and Marking

- 1. All material to be delivered under any delivery order issued under this contract shall be packed in accordance with the latest edition of ASTM D3951-95 "Commercial Packaging of Supplies and Equipment", in effect on the date of contract award, or any other specification so designated under any individual order.
- 2. The contractor shall mark all shipments under this contract in accordance with the latest edition of ASTM D3951-90 "Commercial Packaging of Supplies and Equipment", in effect on the date of contract award.
- 3. The following markings shall be applied to the exterior of the shipping crates, as well as any other markings so designated under any individual order:
 - a. Contract Number
 - b. Drawing Number
 - c. Piece Number
 - d. Serial Number
 - e. Document Number FMS CASE: EG-P-GGI

Section E - Inspection and Acceptance

Supplies/services will be inspected/accepted at:

CLIN	INSPECT AT	INSPECT BY	ACCEPT AT	ACCEPT BY
0001	Destination	Government	Destination	Government

CLAUSES INCORPORATED BY REFERENCE

52.246-2	Inspection Of SuppliesFixed Price	AUG 1996
52.246-16	Responsibility For Supplies	APR 1984
252.246-7000	Material Inspection And Receiving Report	MAR 2003

Section F - Deliveries or Performance

CLIN DELIVERY DATE QUANTITY SHIP TO ADDRESS

0001 29 October 2004 8 Naval Surface Warfare Center, Carderock Division

1569 Constitution Avenue

Philadelphia Naval Business Center Philadelphia, PA 19112-5083

ATTN: Jeff Merlino, Code 9322, 215-897-7289 merlinoj@nswccd.navy.mil

CLAUSES INCORPORATED BY REFERENCE

52.211-17	Delivery of Excess Quantities	SEP 1989
52.242-15	Stop-Work Order	AUG 1989
52.242-17	Government Delay Of Work	APR 1984
52.247-34	F.O.B. Destination	NOV 1991

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52.211-8 TIME OF DELIVERY (JUN 1997)

(a) The Government requires delivery to be made according to the following schedule:

REQUIRED DELIVERY SCHEDULE

CLIN QUANTITY DELIVERY DATE 0001 8 29 October 2004

The Government will evaluate equally, as regards time of delivery, offers that propose delivery of each quantity within the applicable delivery period specified above. Offers that propose delivery that will not clearly fall within the applicable required delivery period specified above, will be considered nonresponsive and rejected. The Government reserves the right to award under either the required delivery schedule or the proposed delivery schedule, when an offeror offers an earlier delivery schedule than required above. If the offeror proposes no other delivery schedule, the required delivery schedule above will apply.

OFFEROR'S PROPOSED DELIVERY SCHEDULE

Within Days	
After Date	
Item No. Quantity of Contract	

(b) Attention is directed to the Contract Award provision of the solicitation that provides that a written award or acceptance of offer mailed, or otherwise furnished to the successful offeror, results in a binding contract. The Government will mail or otherwise furnish to the offeror an award or notice of award not later than the day award is dated. Therefore, the offeror should compute the time available for performance beginning with the actual date of award, rather than the date the written notice of award is received from the Contracting Officer through the ordinary mails. However, the Government will evaluate an offer that proposes delivery based on the Contractor's date of receipt of the contract or notice of award by adding (1) five calendar days for delivery of the award through the ordinary mails, or (2) one working day if the solicitation states that the contract or notice of award will be transmitted electronically. (The term "working day" excludes weekends and U.S. Federal holidays.) If, as so computed, the offered delivery date is later than the required delivery date, the offer will be considered nonresponsive and rejected.

(End of clause)

Section G - Contract Administration Data

CLAUSES INCORPORATED BY FULL TEXT

CAR-G02 SUBMISSION OF INVOICES (FIXED PRICE) (MAR 2004)

- (a) "Invoice" as used in this clause does not include contractor requests for progress payments.
- (b) The contractor shall submit original invoices with copies to the address identified in the solicitation/contract award form (SF 26-Block 10; SF 33-Block 23; SF 1447-Block 14), unless delivery/task orders are applicable, in which case invoices will be segregated by individual order and submitted to the address specified in the order (DD 1155-Block 13 or SF 26-Block 10).
- (c) The use of copies of the Material Inspection and Receiving Report (MIRR), DD Form 250, as an invoice is encouraged. DFARS Appendix F-306 provides instructions for such use. Copies of the MIRR used as an invoice are in addition to the standard distribution stated in DFARS F-401.
- (d) In addition to the requirements of the Prompt Payment clause of this contract, the contractor shall cite on each invoice the contract line item number (CLIN); the contract subline item number (SLIN), if applicable; the accounting classification reference number (ACRN) as identified on the financial accounting data sheets, and the payment terms.

payment terms.
(e) The contractor shall prepare:
X a separate invoice for each activity designated to receive the supplies or services.
a consolidated invoice covering all shipments delivered under an individual order.
either of the above.
(f) If acceptance is at origin, the contractor shall submit the MIRR or other acceptance verification directly to the
designated payment office. If acceptance is at destination, the consignee will forward acceptance verification to the
designated payment office
* Check applicable procedure.
(End of clause)

Section I - Contract Clauses

CLAUSES INCORPORATED BY REFERENCE

52.202-1	Definitions	JUN 2004
52.202-1	Gratuities	APR 1984
52.203-5	Covenant Against Contingent Fees	APR 1984
52.203-6	Restrictions On Subcontractor Sales To The Government	JUL 1995
52.203-7	Anti-Kickback Procedures	JUL 1995
52.203-8	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity	JAN 1997
52.203-10	Price Or Fee Adjustment For Illegal Or Improper Activity	JAN 1997
52.203-10	Limitation On Payments To Influence Certain Federal	JUN 2003
32.203-12	Transactions	3011 2003
52.204-4	Printed or Copied Double-Sided on Recycled Paper	AUG 2000
52.204-7	Central Contractor Registration	OCT 2003
52.209-6	Protecting the Government's Interest When Subcontracting	JUL 1995
	With Contractors Debarred, Suspended, or Proposed for	
	Debarment	
52.211-5	Material Requirements	AUG 2000
52.215-2	Audit and RecordsNegotiation	JUN 1999
52.215-8	Order of PrecedenceUniform Contract Format	OCT 1997
52.215-14 Alt I	Integrity of Unit Prices (Oct 1997) - Alternate I	OCT 1997
52.215-15	Pension Adjustments and Asset Reversions	JAN 2004
52.215-19	Notification of Ownership Changes	OCT 1997
52.219-8	Utilization of Small Business Concerns	MAY 2004
52.222-3	Convict Labor	JUN 2003
52.222-19	Child LaborCooperation with Authorities and Remedies	JAN 2004
52.222-20	Walsh-Healey Public Contracts Act	DEC 1996
52.222-21	Prohibition Of Segregated Facilities	FEB 1999
52.222-26	Equal Opportunity	APR 2002
52.222-29	Notification Of Visa Denial	JUN 2003
52.222-35	Equal Opportunity For Special Disabled Veterans, Veterans	DEC 2001
	of the Vietnam Era, and Other Eligible Veterans	
52.222-36	Affirmative Action For Workers With Disabilities	JUN 1998
52.222-37	Employment Reports On Special Disabled Veterans,	DEC 2001
	Veterans Of The Vietnam Era, and Other Eligible Veterans	
52.223-6	Drug-Free Workplace	MAY 2001
52.223-14	Toxic Chemical Release Reporting	AUG 2003
52.225-13	Restrictions on Certain Foreign Purchases	DEC 2003
52.227-1	Authorization and Consent	JUL 1995
52.227-2	Notice And Assistance Regarding Patent And Copyright	AUG 1996
52.229-3	Infringement Federal, State And Local Taxes	APR 2003
52.232-1	Payments	APR 1984
52.232-8	Discounts For Prompt Payment	FEB 2002
52.232-11	Extras	APR 1984
52.232-11 52.232-23 Alt I	Assignment of Claims (Jan 1986) - Alternate I	APR 1984
52.232-25 52.232-33	Prompt Payment Payment by Electronic Funds TransferCentral Contractor	OCT 2003 OCT 2003
34.434-33	Registration	OC 1 2003
52.233-1	Disputes	JUL 2002
52.255 1		5 SE 2002

50 000 0	Dustant After Amend	ALIC 1006
52.233-3	Protest After Award	AUG 1996
52.242-13	Bankruptcy	JUL 1995
52.243-1	ChangesFixed Price	AUG 1987
52.244-5	Competition In Subcontracting	DEC 1996
52.244-6	Subcontracts for Commercial Items	MAY 2004
52.246-23	Limitation Of Liability	FEB 1997
52.249-2	Termination For Convenience Of The Government (Fixed-	MAY 2004
	Price)	
52.249-8	Default (Fixed-Price Supply & Service)	APR 1984
52.253-1	Computer Generated Forms	JAN 1991
252.203-7001	Prohibition On Persons Convicted of Fraud or Other	MAR 1999
	Defense-Contract-Related Felonies	
252.204-7003	Control Of Government Personnel Work Product	APR 1992
252.204-7004 Alt A	Required Central Contractor Registration Alternate A	NOV 2003
252.209-7000	Acquisition From Subcontractors Subject To On-Site	NOV 1995
	Inspection Under The Intermediate Range Nuclear Forces	
	(INF) Treaty	
252.209-7004	Subcontracting With Firms That Are Owned or Controlled	MAR 1998
	By The Government of a Terrorist Country	
252.225-7001	Buy American Act And Balance Of Payments Program	APR 2003
252.225-7002	Qualifying Country Sources As Subcontractors	APR 2003
252.225-7012	Preference For Certain Domestic Commodities	JUN 2004
252.225-7013	Duty-Free Entry	JAN 2004
252.225-7028	Exclusionary Policies And Practices Of Foreign Government	APR 2003
252.231-7000	Supplemental Cost Principles	DEC 1991
252.232-7003	Electronic Submission of Payment Requests	JAN 2004
252.243-7001	Pricing Of Contract Modifications	DEC 1991
252.243-7002	Requests for Equitable Adjustment	MAR 1998
252.244-7000	Subcontracts for Commercial Items and Commercial	MAR 2000
	Components (DoD Contracts)	
252.247-7023	Transportation of Supplies by Sea	MAY 2002
		· -

CLAUSES INCORPORATED BY FULL TEXT

52.215-21 REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA--MODIFICATIONS (OCT 1997)—ALTERNATE IV (OCT 1997)

- (a) Submission of cost or pricing data is not required.
- (b) Provide information described below:

A breakdown of the unit price quoted and appropriate information on the unit price at which the same item or similar items have previously been sold and that are adequate for determining the reasonableness of the price.

(End of clause)

52.248-1 VALUE ENGINEERING (FEB 2000)

- (a) General. The Contractor is encouraged to develop, prepare, and submit value engineering change proposals (VECP's) voluntarily. The Contractor shall share in any net acquisition savings realized from accepted VECP's, in accordance with the incentive sharing rates in paragraph (f) below.
- (b) Definitions. "Acquisition savings," as used in this clause, means savings resulting from the application of a VECP to contracts awarded by the same contracting office or its successor for essentially the same unit. Acquisition savings include--
- (1) Instant contract savings, which are the net cost reductions on this, the instant contract, and which are equal to the instant unit cost reduction multiplied by the number of instant contract units affected by the VECP, less the Contractor's allowable development and implementation costs;
- (2) Concurrent contract savings, which are net reductions in the prices of other contracts that are definitized and ongoing at the time the VECP is accepted; and
- (3) Future contract savings, which are the product of the future unit cost reduction multiplied by the number of future contract units in the sharing base. On an instant contract, future contract savings include savings on increases in quantities after VECP acceptance that are due to contract modifications, exercise of options, additional orders, and funding of subsequent year requirements on a multiyear contract.
- "Collateral costs," as used in this clause, means agency cost of operation, maintenance, logistic support, or Government-furnished property.
- "Collateral savings," as used in this clause, means those measurable net reductions resulting from a VECP in the agency's overall projected collateral costs, exclusive of acquisition savings, whether or not the acquisition cost changes.
- "Contracting office" includes any contracting office that the acquisition is transferred to, such as another branch of the agency or another agency's office that is performing a joint acquisition action.
- "Contractor's development and implementation costs," as used in this clause, means those costs the Contractor incurs on a VECP specifically in developing, testing, preparing, and submitting the VECP, as well as those costs the Contractor incurs to make the contractual changes required by Government acceptance of a VECP.
- "Future unit cost reduction," as used in this clause, means the instant unit cost reduction adjusted as the Contracting Officer considers necessary for projected learning or changes in quantity during the sharing period. It is calculated at the time the VECP is accepted and applies either (1) throughout the sharing period, unless the Contracting Officer decides that recalculation is necessary because conditions are significantly different from those previously anticipated or (2) to the calculation of a lump-sum payment, which cannot later be revised.
- "Government costs," as used in this clause, means those agency costs that result directly from developing and implementing the VECP, such as any net increases in the cost of testing, operations, maintenance, and logistics support. The term does not include the normal administrative costs of processing the VECP or any increase in this contract's cost or price resulting from negative instant contract savings.
- "Instant contract," as used in this clause, means this contract, under which the VECP is submitted. It does not include increases in quantities after acceptance of the VECP that are due to contract modifications, exercise of options, or additional orders. If this is a multiyear contract, the term does not include quantities funded after VECP acceptance. If this contract is a fixed-price contract with prospective price redetermination, the term refers to the period for which firm prices have been established.
- "Instant unit cost reduction" means the amount of the decrease in unit cost of performance (without deducting any Contractor's development or implementation costs) resulting from using the VECP on this, the instant contract. If

this is a service contract, the instant unit cost reduction is normally equal to the number of hours per line-item task saved by using the VECP on this contract, multiplied by the appropriate contract labor rate.

"Negative instant contract savings" means the increase in the cost or price of this contract when the acceptance of a VECP results in an excess of the Contractor's allowable development and implementation costs over the product of the instant unit cost reduction multiplied by the number of instant contract units affected.

"Net acquisition savings" means total acquisition savings, including instant, concurrent, and future contract savings, less Government costs.

"Sharing base," as used in this clause, means the number of affected end items on contracts of the contracting office accepting the VECP.

Sharing period, as used in this clause, means the period beginning with acceptance of the first unit incorporating the VECP and ending at a calendar date or event determined by the contracting officer for each VECP.

"Unit," as used in this clause, means the item or task to which the Contracting Officer and the Contractor agree the VECP applies.

"Value engineering change proposal (VECP)" means a proposal that--

- (1) Requires a change to this, the instant contract, to implement; and
- (2) Results in reducing the overall projected cost to the agency without impairing essential functions or characteristics; provided, that it does not involve a change--
- (i) In deliverable end item quantities only;
- (ii) In research and development (R&D) end items or R&D test quantities that is due solely to results of previous testing under this contract; or
- (iii) To the contract type only.
- (c) VECP preparation. As a minimum, the Contractor shall include in each VECP the information described in subparagraphs (1) through (8) below. If the proposed change is affected by contractually required configuration management or similar procedures, the instructions in those procedures relating to format, identification, and priority assignment shall govern VECP preparation. The VECP shall include the following:
- (1) A description of the difference between the existing contract requirement and the proposed requirement, the comparative advantages and disadvantages of each, a justification when an item's function or characteristics are being altered, the effect of the change on the end item's performance, and any pertinent objective test data.
- (2) A list and analysis of the contract requirements that must be changed if the VECP is accepted, including any suggested specification revisions.
- (3) Identification of the unit to which the VECP applies.
- (4) A separate, detailed cost estimate for (i) the affected portions of the existing contract requirement and (ii) the VECP. The cost reduction associated with the VECP shall take into account the Contractor's allowable development and implementation costs, including any amount attributable to subcontracts under the Subcontracts paragraph of this clause, below.

- (5) A description and estimate of costs the Government may incur in implementing the VECP, such as test and evaluation and operating and support costs.
- (6) A prediction of any effects the proposed change would have on collateral costs to the agency.
- (7) A statement of the time by which a contract modification accepting the VECP must be issued in order to achieve the maximum cost reduction, noting any effect on the contract completion time or delivery schedule.
- (8) Identification of any previous submissions of the VECP, including the dates submitted, the agencies and contract numbers involved, and previous Government actions, if known.
- (d) Submission. The Contractor shall submit VECP's to the Contracting Officer, unless this contract states otherwise. If this contract is administered by other than the contracting office, the Contractor shall submit a copy of the VECP simultaneously to the Contracting Officer and to the Administrative Contracting Officer.
- (e) Government action. (1) The Contracting Officer will notify the Contractor of the status of the VECP within 45 calendar days after the contracting office receives it. If additional time is required, the Contracting Officer will notify the Contractor within the 45-day period and provide the reason for the delay and the expected date of the decision. The Government will process VECP's expeditiously; however, it shall not be liable for any delay in acting upon a VECP.
- (2) If the VECP is not accepted, the Contracting Officer will notify the Contractor in writing, explaining the reasons for rejection. The Contractor may withdraw any VECP, in whole or in part, at any time before it is accepted by the Government. The Contracting Officer may require that the Contractor provide written notification before undertaking significant expenditures for VECP effort.
- (3) Any VECP may be accepted, in whole or in part, by the Contracting Officer's award of a modification to this contract citing this clause and made either before or within a reasonable time after contract performance is completed. Until such a contract modification applies a VECP to this contract, the Contractor shall perform in accordance with the existing contract. The decision to accept or reject all or part of any VECP is a unilateral decision made solely at the discretion of the Contracting Officer.
- (f) Sharing rates. If a VECP is accepted, the Contractor shall share in net acquisition savings according to the percentages shown in the table below. The percentage paid the Contractor depends upon (1) this contract's type (fixed-price, incentive, or cost-reimbursement), (2) the sharing arrangement specified in paragraph (a) above (incentive, program requirement, or a combination as delineated in the Schedule), and (3) the source of the savings (the instant contract, or concurrent and future contracts), as follows:

CONTRACTOR'S SHARE OF NET ACQUISITION SAVINGS

(Figures in percent)						
Contract Type	Incentive (Voluntary)	Program Requirement			
			(Mandatory)			
	Instant Contract	Concurrent and	Instant Contract	Concurrent and		
	Rate	Future Contract	Rate	Future Contract		
		Rate		Rate		
Fixed-price	(1) 50	(1) 50	(1) 25	25		
(includes fixed-						
price-award-fee;						
excludes other						
fixed-price						
incentive						

		1	1	1
contracts)				
Incentive (fixed-	(2)	(1) 50	(1) 50	25
price or cost)				
(other than				
award fee)				
Cost-	(3) 25	(3)	15	15
reimbursement				
(includes cost-				
plus-award-fee;				
excludes other				
cost-type				
incentive				
Contracts)				

- (1) The Contracting Officer may increase the Contractor's sharing rate to as high as 75 percent for each VECP.
- (2) Same sharing arrangement as the contract's profit or fee adjustment formula.
- (3) The Contracting Officer may increase the Contractor's sharing rate to as high as 50 percent for each VECP.
- (g) Calculating net acquisition savings.
- (1) Acquisition savings are realized when (i) the cost or price is reduced on the instant contract, (ii) reductions are negotiated in concurrent contracts, (iii) future contracts are awarded, or (iv) agreement is reached on a lump-sum payment for future contract savings (see subparagraph (i)(4) below). Net acquisition savings are first realized, and the Contractor shall be paid a share, when Government costs and any negative instant contract savings have been fully offset against acquisition savings.
- (2) Except in incentive contracts, Government costs and any price or cost increases resulting from negative instant contract savings shall be offset against acquisition savings each time such savings are realized until they are fully offset. Then, the Contractor's share is calculated by multiplying net acquisition savings by the appropriate Contractor's percentage sharing rate (see paragraph (f) above). Additional Contractor shares of net acquisition savings shall be paid to the Contractor at the time realized.
- (3) If this is an incentive contract, recovery of Government costs on the instant contract shall be deferred and offset against concurrent and future contract savings. The Contractor shall share through the contract incentive structure in savings on the instant contract items affected. Any negative instant contract savings shall be added to the target cost or to the target price and ceiling price, and the amount shall be offset against concurrent and future contract savings.
- (4) If the Government does not receive and accept all items on which it paid the Contractor's share, the Contractor shall reimburse the Government for the proportionate share of these payments.
- (h) Contract adjustment. The modification accepting the VECP (or a subsequent modification issued as soon as possible after any negotiations are completed) shall--
- (1) Reduce the contract price or estimated cost by the amount of instant contract savings, unless this is an incentive contract;
- (2) When the amount of instant contract savings is negative, increase the contract price, target price and ceiling price, target cost, or estimated cost by that amount;
- (3) Specify the Contractor's dollar share per unit on future contracts, or provide the lump-sum payment;

- (4) Specify the amount of any Government costs or negative instant contract savings to be offset in determining net acquisition savings realized from concurrent or future contract savings; and
- (5) Provide the Contractor's share of any net acquisition savings under the instant contract in accordance with the following:
- (i) Fixed-price contracts--add to contract price.
- (ii) Cost-reimbursement contracts--add to contract fee.
- (i) Concurrent and future contract savings.
- (1) Payments of the Contractor's share of concurrent and future contract savings shall be made by a modification to the instant contract in accordance with subparagraph (h)(5) above. For incentive contracts, shares shall be added as a separate firm-fixed-price line item on the instant contract. The Contractor shall maintain records adequate to identify the first delivered unit for 3 years after final payment under this contract.
- (2) The Contracting Officer shall calculate the Contractor's share of concurrent contract savings by (i) subtracting from the reduction in price negotiated on the concurrent contract any Government costs or negative instant contract savings not yet offset and (ii) multiplying the result by the Contractor's sharing rate.
- (3) The Contracting Officer shall calculate the Contractor's share of future contract savings by (i) multiplying the future unit cost reduction by the number of future contract units scheduled for delivery during the sharing period, (ii) subtracting any Government costs or negative instant contract savings not yet offset, and (iii) multiplying the result by the Contractor's sharing rate.
- (4) When the Government wishes and the Contractor agrees, the Contractor's share of future contract savings may be paid in a single lump sum rather than in a series of payments over time as future contracts are awarded. Under this alternate procedure, the future contract savings may be calculated when the VECP is accepted, on the basis of the Contracting Officer's forecast of the number of units that will be delivered during the sharing period. The Contractor's share shall be included in a modification to this contract (see subparagraph (h)(3) above) and shall not be subject to subsequent adjustment.
- (5) Alternate no-cost settlement method. When, in accordance with subsection 48.104-4 of the Federal Acquisition Regulation, the Government and the Contractor mutually agree to use the no-cost settlement method, the following applies:
- (i) The Contractor will keep all the savings on the instant contract and on its concurrent contracts only.
- (ii) The Government will keep all the savings resulting from concurrent contracts placed on other sources, savings from all future contracts, and all collateral savings.
- (j) Collateral savings. If a VECP is accepted, the Contracting Officer will increase the instant contract amount, as specified in paragraph (h)(5) of this clause, by a rate from 20 to 100 percent, as determined by the Contracting Officer, of any projected collateral savings determined to be realized in a typical year of use after subtracting any Government costs not previously offset. However, the Contractor's share of collateral savings will not exceed the contract's firm-fixed-price, target price, target cost, or estimated cost, at the time the VECP is accepted, or \$100,000, whichever is greater. The Contracting Officer will be the sole determiner of the amount of collateral savings.
- (k) Relationship to other incentives. Only those benefits of an accepted VECP not rewardable under performance, design-to-cost (production unit cost, operating and support costs, reliability and maintainability), or similar

incentives shall be rewarded under this clause. However, the targets of such incentives affected by the VECP shall not be adjusted because of VECP acceptance. If this contract specifies targets but provides no incentive to surpass them, the value engineering sharing shall apply only to the amount of achievement better than target.

- (1) Subcontracts. The Contractor shall include an appropriate value engineering clause in any subcontract of \$100,000 or more and may include one in subcontracts of lesser value. In calculating any adjustment in this contract's price for instant contract savings (or negative instant contract savings), the Contractor's allowable development and implementation costs shall include any subcontractor's allowable development and implementation costs, and any value engineering incentive payments to a subcontractor, clearly resulting from a VECP accepted by the Government under this contract. The Contractor may choose any arrangement for subcontractor value engineering incentive payments; provided, that the payments shall not reduce the Government's share of concurrent or future contract savings or collateral savings.
- (m) Data. The Contractor may restrict the Government's right to use any part of a VECP or the supporting data by marking the following legend on the affected parts:

"These data, furnished under the Value Engineering clause of contract , shall not be disclosed outside the Government or duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate a value engineering change proposal submitted under the clause. This restriction does not limit the Government's right to use information contained in these data if it has been obtained or is otherwise available from the Contractor or from another source without limitations."

If a VECP is accepted, the Contractor hereby grants the Government unlimited rights in the VECP and supporting data, except that, with respect to data qualifying and submitted as limited rights technical data, the Government shall have the rights specified in the contract modification implementing the VECP and shall appropriately mark the data. (The terms "unlimited rights" and "limited rights" are defined in Part 27 of the Federal Acquisition Regulation.)

(End of clause)

52.252-2 CLAUSES INCORPORATED BY REFERENCE (FEB 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this address:

http://farsite.hill.af.mil

52.252-6 AUTHORIZED DEVIATIONS IN CLAUSES (APR 1984)

- (a) The use in this solicitation or contract of any Federal Acquisition Regulation (48 CFR Chapter 1) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the date of the clause.
- (b) The use in this solicitation or contract of any <u>DFAR</u> clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the name of the regulation.

(End of clause)

252.225-7027 RESTRICTION ON CONTINGENT FEES FOR FOREIGN MILITARY SALES (APR 2003)

- (a) Except as provided in paragraph (b) of this clause, contingent fees, as defined in the Covenant Against Contingent Fees clause of this contract, are generally an allowable cost, provided the fees are paid to--
- (1) A bona fide employee of the Contractor; or
- (2) A bona fide established commercial or selling agency maintained by the Contractor for the purpose of securing business.
- (b) For foreign military sales, unless the contingent fees have been identified and payment approved in writing by the foreign customer before contract award, the following contingent fees are unallowable under this contract:
- (1) For sales to the Government(s) of Egypt, contingent fees in any amount.
- (2) For sales to Governments not listed in paragraph (b)(1) of this clause, contingent fees exceeding \$50,000 per foreign military sale case.

(End of Clause)

CAR-IIO AUTHORIZED CHANGES ONLY BY THE CONTRACTING OFFICER (JUN 1996) (NSWCCD)

- (a) Except as specified in paragraph (b) below, no order, statement, or conduct of Government personnel who visit the Contractor's facilities or in any other manner communicates with Contractor personnel during the performance of this contract shall constitute a change under the "Changes" clause of this contract.
- (b) The Contractor shall not comply with any order, direction or request of Government personnel unless it is issued in writing and signed by the Contracting Officer, or is pursuant to specific authority otherwise included as a part of this contract.
- (c) The Contracting Officer is the only person authorized to approve changes in any of the requirements of this contract and notwithstanding provisions contained elsewhere in this contract, the said authority remains solely the Contracting Officer's. In the event the contractor effects any change at the direction of any person other than the Contracting Officer, the change will be considered to have been made without authority and no adjustment will be made in the contract price to cover any increase in charges incurred as a result thereof. The address and telephone number of the Contracting Officer is:

NAME: Robert Colot

ADDRESS: Naval Surface Warfare Center, Carderock Division

5001 South Broad Street, Building 4 Philadelphia, PA 19112-1403

TELEPHONE: 215-897-7060

Section K - Representations, Certifications and Other Statements of Offerors

CLAUSES INCORPORATED BY REFERENCE

52.203-11	Certification And Disclosure Regarding Payments To	APR 1991
	Influence Certain Federal Transactions	
52.222-38	Compliance with Veterans' Employment Reporting	DEC 2001
	Requirements	
252.209-7001	Disclosure of Ownership or Control by the Government of a	MAR 1998
	Terrorist Country	
252.225-7031	Secondary Arab Boycott Of Israel	APR 2003

CLAUSES INCORPORATED BY FULL TEXT

52.203-2 CERTIFICATE OF INDEPENDENT PRICE DETERMINATION (APR 1985)

- (a) The offeror certifies that --
- (1) The prices in this offer have been arrived at independently, without, for the purpose of restricting competition, any consultation, communication, or agreement with any other offeror or competitor relating to –
- (i) Those prices,
- (ii) The intention to submit an offer, or
- (iii) The methods of factors used to calculate the prices offered:
- (2) The prices in this offer have not been and will not be knowingly disclosed by the offeror, directly or indirectly, to any other offeror or competitor before bid opening (in the case of a sealed bid solicitation) or contract award (in the case of a negotiated solicitation) unless otherwise required by law; and
- (3) No attempt has been made or will be made by the offeror to induce any other concern to submit or not to submit an offer for the purpose of restricting competition.
- (b) Each signature on the offer is considered to be a certification by the signatory that the signatory --
- (1) Is the person in the offeror's organization responsible for determining the prices offered in this bid or proposal, and that the signatory has not participated and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) of this provision; or
- (2) (i) Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) of this provison ______ (insert full name of person(s) in the offeror's organization responsible for determining the prices offered in this bid or proposal, and the title of his or her position in the offeror's organization);
- (ii) As an authorized agent, does certify that the principals named in subdivision (b)(2)(i) above have not participated, and will not participate, in any action contrary to subparagraphs (a)(1) through (a)(3) above; and

- (iii) As an agent, has not personally participated, and will not participate, in any action contrary to subparagraphs (a)(1) through (a)(3) of this provision.
- (c) If the offeror deletes or modifies subparagraph (a)(2) of this provision, the offeror must furnish with its offer a signed statement setting forth in detail the circumstances of the disclosure.

(End of clause)

52.204-5 WOMEN-OWNED BUSINESS (OTHER THAN SMALL BUSINESS) (MAY 1999)

- (a) Definition. Women-owned business concern, as used in this provision, means a concern that is at least 51 percent owned by one or more women; or in the case of any publicly owned business, at least 51 percent of its stock is owned by one or more women; and whose management and daily business operations are controlled by one or more women.
- (b) Representation. [Complete only if the offeror is a women-owned business concern and has not represented itself as a small business concern in paragraph (b)(1) of FAR 52.219-1, Small Business Program Representations, of this solicitation.] The offeror represents that it () is a women-owned business concern.

(End of provision)

52.209-5 CERTIFICATION REGARDING DEBARMENT, SUSPENSION, PROPOSED DEBARMENT, AND OTHER RESPONSIBILITY MATTERS (DEC 2001)

- (a)(1) The Offeror certifies, to the best of its knowledge and belief, that-
- (i) The Offeror and/or any of its Principals-
- (A) Are () are not () presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency;
- (B) Have () have not (), within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; and
- (C) Are () are not () presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in paragraph (a)(1)(i)(B) of this provision.
- (ii) The Offeror has () has not (), within a three-year period preceding this offer, had one or more contracts terminated for default by any Federal agency.
- (2) "Principals," for the purposes of this certification, means officers; directors; owners; partners; and, persons having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a subsidiary, division, or business segment, and similar positions).

This Certification Concerns a Matter Within the Jurisdiction of an Agency of the United States and the Making of a False, Fictitious, or Fraudulent Certification May Render the Maker Subject to Prosecution Under Section 1001, Title 18, United States Code.

- (b) The Offeror shall provide immediate written notice to the Contracting Officer if, at any time prior to contract award, the Offeror learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
- (c) A certification that any of the items in paragraph (a) of this provision exists will not necessarily result in withholding of an award under this solicitation. However, the certification will be considered in connection with a determination of the Offeror's responsibility. Failure of the Offeror to furnish a certification or provide such additional information as requested by the Contracting Officer may render the Offeror nonresponsible.
- (d) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by paragraph (a) of this provision. The knowledge and information of an Offeror is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
- (e) The certification in paragraph (a) of this provision is a material representation of fact upon which reliance was placed when making award. If it is later determined that the Offeror knowingly rendered an erroneous certification, in addition to other remedies available to the Government, the Contracting Officer may terminate the contract resulting from this solicitation for default.

(End of provision)

52.215-6 PLACE OF PERFORMANCE (OCT 1997)

- (a) The offeror or respondent, in the performance of any contract resulting from this solicitation, () intends, () does not intend (check applicable block) to use one or more plants or facilities located at a different address from the address of the offeror or respondent as indicated in this proposal or response to request for information.
- (b) If the offeror or respondent checks "intends" in paragraph (a) of this provision, it shall insert in the following spaces the required information:

Place of Performance(Street Address, City, State, County, Zip Code)	Name and Address of Owner and Operator of the Plant or Facility if Other Than Offeror or	
	Respondent	

(End of provision)

52.219-1 SMALL BUSINESS PROGRAM REPRESENTATIONS (MAY 2004) ALTERNATE I (APR 2002)

- (a)(1) The North American Industry Classification System (NAICS) code for this acquisition is 424690.
- (2) The small business size standard is 500.

(3) The small business size standard for a concern which submits an offer in its own name, other than on a construction or service contract, but which proposes to furnish a product which it did not itself manufacture, is 500 employees.
(b) Representations. (1) The offeror represents as part of its offer that it () is, () is not a small business concern.
(2) (Complete only if the offeror represented itself as a small business concern in paragraph (b)(1) of this provision.) The offeror represents, for general statistical purposes, that it () is, () is not a small disadvantaged business concern as defined in 13 CFR 124.1002.
(3) (Complete only if the offeror represented itself as a small business concern in paragraph (b)(1) of this provision.) The offeror represents as part of its offer that it () is, () is not a women-owned small business concern.
(4) (Complete only if the offeror represented itself as a small business concern in paragraph (b)(1) of this provision.) The offeror represents as part of its offer that it () is, () is not a veteran-owned small business concern.
(5) (Complete only if the offeror represented itself as a veteran-owned small business concern in paragraph (b)(4) of this provision.) The offeror represents as part of its offer that it ($)$ is, ($)$ is not a service-disabled veteran-owned small business concern.
(6) (Complete only if the offeror represented itself as a small business concern in paragraph (b)(1) of this provision.) The offeror represents, as part of its offer, that
(i) It () is, () is not a HUBZone small business concern listed, on the date of this representation, on the List of Qualified HUBZone Small Business Concerns maintained by the Small Business Administration, and no material change in ownership and control, principal office, or HUBZone employee percentage has occurred since it was certified by the Small Business Administration in accordance with 13 CFR part 126; and
(ii) It () is, () is not a joint venture that complies with the requirements of 13 CFR part 126, and the representation in paragraph (b)(6)(i) of this provision is accurate for the HUBZone small business concern or concerns that are participating in the joint venture. (The offeror shall enter the name or names of the HUBZone small business concern or concerns that are participating in the joint venture:) Each HUBZone small business concern participating in the joint venture shall submit a separate signed copy of the HUBZone representation.
(7) (Complete if offeror represented itself as disadvantaged in paragraph (b)(2) of this provision .) The offeror shall check the category in which its ownership falls:
() Black American.
() Hispanic American.
() Native American (American Indians, Eskimos, Aleuts, or Native Hawaiians).
() Asian-Pacific American (persons with origins from Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Japan, China, Taiwan, Laos, Cambodia (Kampuchea), Vietnam, Korea, The Philippines, U.S. Trust Territory of the Pacific Islands (Republic of Palau), Republic of the Marshall Islands, Federated States of Micronesia, the Commonwealth of the Northern Mariana Islands, Guam, Samoa, Macao, Hong Kong, Fiji, Tonga, Kiribati, Tuvalu, or Nauru).

- () Subcontinent Asian (Asian-Indian) American (persons with origins from India, Pakistan, Bangladesh, Sri Lanka, Bhutan, the Maldives Islands, or Nepal).
- () Individual/concern, other than one of the preceding.
- (c) Definitions. As used in this provision--

Service-disabled veteran-owned small business concern--

- (1) Means a small business concern--
- (i) Not less than 51 percent of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service-disabled veterans; and
- (ii) The management and daily business operations of which are controlled by one or more service-disabled veterans or, in the case of a service-disabled veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran.
- (2) Service-disabled veteran means a veteran, as defined in 38 U.S.C. 101(2), with a disability that is service-connected, as defined in 38 U.S.C. 101(16).

Small business concern means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria in 13 CFR Part 121 and the size standard in paragraph (a) of this provision.

Veteran-owned small business concern means a small business concern-

- (1) Not less than 51 percent of which is owned by one or more veterans (as defined at 38 U.S.C. 101(2)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and
- (2) The management and daily business operations of which are controlled by one or more veterans.

Women-owned small business concern means a small business concern --

- (1) That is at least 51 percent owned by one or more women or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and
- (2) Whose management and daily business operations are controlled by one or more women.
- (d) Notice.
- (1) If this solicitation is for supplies and has been set aside, in whole or in part, for small business concerns, then the clause in this solicitation providing notice of the set-aside contains restrictions on the source of the end items to be furnished.
- (2) Under 15 U.S.C. 645(d), any person who misrepresents a firm's status as a small, HUBZone small, small disadvantaged, or women-owned small business concern in order to obtain a contract to be awarded under the preference programs established pursuant to section 8(a), 8(d), 9, or 15 of the Small Business Act or any other provision of Federal law that specifically references section 8(d) for a definition of program eligibility, shall-
- (i) Be punished by imposition of fine, imprisonment, or both;

- (ii) Be subject to administrative remedies, including suspension and debarment; and
- (iii) Be ineligible for participation in programs conducted under the authority of the Act.

(End of provision)

52.222-22 PREVIOUS CONTRACTS AND COMPLIANCE REPORTS (FEB 1999)

The offeror represents that --

- (a) () It has, () has not participated in a previous contract or subcontract subject to the Equal Opportunity clause of this solicitation;
- (b) () It has, () has not, filed all required compliance reports; and
- (c) Representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract awards.

(End of provision)

52.222-25 AFFIRMATIVE ACTION COMPLIANCE (APR 1984)

The offeror represents that

- (a) [] it has developed and has on file, [] has not developed and does not have on file, at each establishment, affirmative action programs required by the rules and regulations of the Secretary of Labor (41 CFR 60-1 and 60-2), or
- (b) [] has not previously had contracts subject to the written affirmative action programs requirement of the rules and regulations of the Secretary of Labor.

(End of provision)

252.225-7000 BUY AMERICAN ACT--BALANCE OF PAYMENTS PROGRAM CERTIFICATE (APR 2003)

- (a) Definitions. Domestic end product, foreign end product, qualifying country, and qualifying country end product have the meanings given in the Buy American Act and Balance of Payments Program clause of this solicitation.
- (b) Evaluation. The Government--
- (1) Will evaluate offers in accordance with the policies and procedures of Part 225 of the Defense Federal Acquisition Regulation Supplement; and
- (2) Will evaluate offers of qualifying country end products without regard to the restrictions of the Buy American Act or the Balance of Payments Program.

(c) Certifications and identification of country of origin. (1) For all line items subject to the Buy American Act and Balance of Payments Program clause of this solicitation, the offeror certifies that--(i) Each end product, except those listed in paragraph (c)(2) or (3) of this provision, is a domestic end product; and (ii) Components of unknown origin are considered to have been mined, produced, or manufactured outside the United States or a qualifying country. (2) The offeror certifies that the following end products are qualifying country end products: (Line Item Number Country of Origin) (Country of Origin) (3) The following end products are other foreign end products: (Line Item Number) (Country of Origin) (If known) (End of provision) 252.247-7022 REPRESENTATION OF EXTENT OF TRANSPORTATION BY SEA (AUG 1992) (a) The Offeror shall indicate by checking the appropriate blank in paragraph (b) of this provision whether transportation of supplies by sea is anticipated under the resultant contract. The term supplies is defined in the Transportation of Supplies by Sea clause of this solicitation. (b) Representation. The Offeror represents that it: (1) Does anticipate that supplies will be transported by sea in the performance of any contract or subcontract resulting from this solicitation. _ (2) Does not anticipate that supplies will be transported by sea in the performance of any contract or subcontract resulting from this solicitation. (c) Any contract resulting from this solicitation will include the Transportation of Supplies by Sea clause. If the Offeror represents that it will not use ocean transportation, the resulting contract will also include the Defense FAR Supplement clause at 252.247-7024, Notification of Transportation of Supplies by Sea.

(End of provision)

- (a) The Navy Air Force Interface (NAFI) provides World Wide Web access to documents used to support the procurement, contract administration, bill paying, and accounting processes. NAFI is being used by the Naval Surface Warfare Center, Carderock Division to electronically distribute all contract award and contract modification documents, including task and delivery orders. The contractor's copy will be provided in portable document format (pdf) as an attachment to an e-mail that will be sent to the contractor by the NAFI system. A pdf file may be accessed using Adobe Acrobat Reader which is a free software that may be downloaded at http://www.adobe.com/products/acrobat/readstep.html.
- (b) Offerors must provide the following information that will be used to make electronic distribution for any resultant contract.

Name of Point of Contact	
Phone Number for Point of Contact	
E-mail Address for Receipt of Electronic Distribution	

Section L - Instructions, Conditions and Notices to Bidders

CLAUSES INCORPORATED BY REFERENCE

52.214-34	Submission Of Offers In The English Language	APR 1991
52.214-35	Submission Of Offers In U.S. Currency	APR 1991
252.217-7026	Identification of Sources of Supply	NOV 1995

CLAUSES INCORPORATED BY FULL TEXT

52.215-20 REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA (OCT 1997)

- (a) Exceptions from cost or pricing data. (1) In lieu of submitting cost or pricing data, offerors may submit a written request for exception by submitting the information described in the following subparagraphs. The Contracting Officer may require additional supporting information, but only to the extent necessary to determine whether an exception should be granted, and whether the price is fair and reasonable.
- (i) Identification of the law or regulation establishing the price offered. If the price is controlled under law by periodic rulings, reviews, or similar actions of a governmental body, attach a copy of the controlling document, unless it was previously submitted to the contracting office.
- (ii) Commercial item exception. For a commercial item exception, the offeror shall submit, at a minimum, information on prices at which the same item or similar items have previously been sold in the commercial market that is adequate for evaluating the reasonableness of the price for this acquisition. Such information may include-
- (A) For catalog items, a copy of or identification of the catalog and its date, or the appropriate pages for the offered items, or a statement that the catalog is on file in the buying office to which the proposal is being submitted. Provide a copy or describe current discount policies and price lists (published or unpublished), e.g., wholesale, original equipment manufacturer, or reseller. Also explain the basis of each offered price and its relationship to the established catalog price, including how the proposed price relates to the price of recent sales in quantities similar to the proposed quantities;
- (B) For market-priced items, the source and date or period of the market quotation or other basis for market price, the base amount, and applicable discounts. In addition, describe the nature of the market;
- (C) For items included on an active Federal Supply Service Multiple Award Schedule contract, proof that an exception has been granted for the schedule item.
- (2) The offeror grants the Contracting Officer or an authorized representative the right to examine, at any time before award, books, records, documents, or other directly pertinent records to verify any request for an exception under this provision, and the reasonableness of price. For items priced using catalog or market prices, or law or regulation, access does not extend to cost or profit information or other data relevant solely to the offeror's determination of the prices to be offered in the catalog or marketplace.
- (b) Requirements for cost or pricing data. If the offeror is not granted an exception from the requirement to submit cost or pricing data, the following applies:
- (1) The offeror shall prepare and submit cost or pricing data and supporting attachments in accordance with Table 15-2 of FAR 15.408.

As soon as practicable after agreement on price, but before contract award (except for unpriced actions such as letter contracts), the offeror shall submit a Certificate of Current Cost or Pricing Data, as prescribed by FAR 15.406-2.

(End of provision)

52.216-1 TYPE OF CONTRACT (APR 1984)

The Government contemplates award of a Firm Fixed Price contract resulting from this solicitation.

(End of clause)

52.233-2 SERVICE OF PROTEST (AUG 1996)

(a) Protests, as defined in section 33.101 of the Federal Acquisition Regulation, that are filed directly with an agency, and copies of any protests that are filed with the General Accounting Office (GAO), shall be served on the Contracting Officer (addressed as follows) by obtaining written and dated acknowledgment of receipt from:

Naval Surface Warfare Center Carderock Division 5001 South Broad Street Philadelphia, PA 19112-1403 ATTN: Mr. Robert Colot, Code 3352

(b) The copy of any protest shall be received in the office designated above within one day of filing a protest with the GAO.

(End of provision)

52.252-1 SOLICITATION PROVISIONS INCORPORATED BY REFERENCE (FEB 1998)

This solicitation incorporates one or more solicitation provisions by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. The offeror is cautioned that the listed provisions may include blocks that must be completed by the offeror and submitted with its quotation or offer. In lieu of submitting the full text of those provisions, the offeror may identify the provision by paragraph identifier and provide the appropriate information with its quotation or offer. Also, the full text of a solicitation provision may be accessed electronically at this/these address(es):

http://farsite.hill.af.mil

- (a) The use in this solicitation of any Federal Acquisition Regulation (48 CFR Chapter 1) provision with an authorized deviation is indicated by the addition of "(DEVIATION)" after the date of the provision.
- (b) The use in this solicitation of any <u>DFAR</u> provision with an authorized deviation is indicated by the addition of "(DEVIATION)" after the name of the regulation.

CAR-L06 SELECTED COST DATA FOR OTHER THAN INDEFINITE DELIVERY CONTRACTS (JUN 1996) (NSWCCD)

To assist the Government in determining cost reasonableness/realism for this effort, it is required that you provide enough detailed cost information with your offer to make this determination. In preparing your cost proposal, it is essential that you breakout and identify separately for each year of the contract, the following types of cost elements listed below. The following is only an example of the various types of cost elements which may be applicable but not necessarily limited to:

- (a) DIRECT MATERIALS Identify proposed material items, purchased parts or subcontracted materials including the basis for the proposed amount, e.g., engineering estimate, vendor quote, catalog item, etc.
- b) DIRECT LABOR Identify the various labor categories intended for use under this contract including the number of labor hours, labor rates, and total cost for each labor category proposed for each year of the contract. The labor specified under this category shall only be for the prime contractor's direct labor and shall not include any subcontracted labor. (See subcontracted labor below).
- (c) FRINGE BENEFITS If applicable and in accordance with your normal accounting procedures, identify the fringe benefit rate(s) and total fringe benefit cost being proposed and identify the cost elements for which the fringe benefit rate is being applied.
- (d) OVERHEAD Identify the current and/or projected overhead rate(s) and total overhead cost being proposed under this solicitation and identify the various cost elements for which overhead is being applied.
- (e) SUBCONTRACTING LABOR Identify (if applicable), any proposed subcontracting labor intended for use under this contract. Identify the labor categories for which subcontracting is being proposed and include the subcontractor's direct labor rates, number of hours proposed for each labor category, fringe benefits, overhead, G&A, fee, etc., that has been submitted by the subcontractor to the prime contractor for consideration under this contract.
- (f) OTHER-(1) Direct Cost Identify any other direct cost elements being proposed which are not included above but are applicable to your cost proposal, e.g., royalties, Facilities Capital Cost of Money, special tooling, travel, computer usage, etc. Include the basis for the proposed amount. (2) Indirect cost Identify any other indirect cost element being proposed which has not been included above and identify the various cost elements for which the rate is applied.
- (g) GENERAL & ADMINISTRATIVE EXPENSE Identify the G&A rate(s) and the total G&A cost proposed and identify the various cost elements for which the G&A is being applied.
- (h) FEE Identify the fee rate and total amount proposed and identify the various cost elements for which the fee is being applied.